

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

In the Matter of	)	
	)	
2018 Quadrennial Review –	)	MB Docket No. 18-349
Review of the Commission’s Broadcast	)	
Ownership Rules and Other Rules Adopted	)	
Pursuant to Section 202 of the	)	
Telecommunications Act of 1996	)	
	)	

**JOINT COMMENTS**

**Connoisseur Media, LLC**  
Jeffrey D. Warshaw  
Founder and Chief Executive Officer

**Townsquare Media, Inc.**  
Allison Zolot  
Senior Vice President and General Counsel

**Mid-West Family Broadcasting**  
Thomas A. Walker  
President

**Midwest Communications, Inc.**  
Michael Wright  
Chief Operating Officer

**Frandsen Family Stations**  
M. Kent Frandsen  
President

**Cherry Creek Media**  
Jonathan Brewster  
Chief Executive Officer

**Neuhoff Communications**  
Beth Neuhoff  
Chief Executive Officer and President

**Eagle Communications, Inc.**  
Gary Shorman  
Chairman

**Patrick Communications, LLC**  
W. Lawrence Patrick  
Managing Partner

**Legend Communications, LLC**  
Susan K. Patrick  
Managing Partner

## TABLE OF CONTENTS

I.	Introduction and Summary .....	1
II.	Competition for Audience Has Continued To Intensify Since 2019 Due To Ever-Evolving Services and Technologies.....	6
A.	The Rapid Migration from Traditional Radio to Online Platforms Has Continued to Erode AM/FM Listenership .....	7
B.	Radio Broadcasters Compete Against Streaming Music and Podcasting More Than Ever Before.....	10
C.	The Increasing Availability of Alternative Devices to Listen to Audio Content Continue to Drive Changes in Listening Habits .....	14
D.	Local Broadcasters Increasingly Compete with Non-Audio Outlets for Audience .....	18
E.	Most of Radio’s Toughest Competition Comes from Out-of-Market Internet Pureplay Companies Owned by America’s Biggest Tech Companies .....	20
III.	Since 2019, Digital Advertising Revenues Have Reached Record Highs, While Local Radio Broadcasters are Limited by Regulation in their Ability to Compete .....	22
IV.	Congress Recognizes the Need to Support Local Media .....	28
V.	Conclusion.....	30

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

In the Matter of	)	
	)	
2018 Quadrennial Review –	)	MB Docket No. 18-349
Review of the Commission’s Broadcast	)	
Ownership Rules and Other Rules Adopted	)	
Pursuant to Section 202 of the	)	
Telecommunications Act of 1996	)	
	)	

**JOINT COMMENTS**

**I. INTRODUCTION AND SUMMARY**

Connoisseur Media, LLC (“Connoisseur”), Townsquare Media, Inc. (“Townsquare”), Mid-West Family Broadcasting (“Mid-West Family”), Midwest Communications, Inc. (“Midwest Communications”), the Frandsen family stations (“Frandsen”), Cherry Creek Media (“Cherry Creek”), Neuhoff Media (“Neuhoff”), Eagle Communications, Inc. (“Eagle Communications”), Patrick Communications, LLC (“Patrick Communications”), and Legend Communications, LLC (“Legend Communications” and, collectively, the “Joint Commenters”),<sup>1</sup>

---

<sup>1</sup> Connoisseur is the licensee of approximately 30 radio stations in Connecticut, New York, Pennsylvania and Montana. Townsquare is a public company and the licensee of approximately 321 radio stations across the country. Mid-West Family is a group of independent companies with interlocking ownership holding licenses for over 40 radio stations in a number of Midwestern states. Midwest Communications is the licensee of approximately 75 stations in the Midwest and in south-central states. Entities controlled by Frandsen family members hold the licenses for over 20 stations in Utah, Idaho and Wyoming. Cherry Creek is the licensee of more than 50 radio stations that serve their local markets in the Rocky Mountain Region, Upper Midwest, Northwest and Southwest. Neuhoff has 20 radio stations, 16 locally focused digital music, information, and entertainment sites, and serves over a million consumers in Illinois and Indiana. Eagle Communications is an employee-owned licensee of 28 stations serving more than 300,000 people in Kansas and Missouri. Patrick Communications is a leading brokerage and investment banking firm offering many services, including media, tower and telecom brokerage whose controlling principals are also the controlling principals of Legend Communications, which owns 25 radio stations in Wyoming.

by their attorneys, hereby submit these comments to refresh the record in the above-referenced proceeding.<sup>2</sup>

In the Public Notice, the Media Bureau seeks to update the record in the pending 2018 Quadrennial Review proceeding in light of the passage of time, including “the broadcast industry’s evolution since early 2019 and its current trajectory”, “relevant trends . . . within the broadcast industry”, and “the impact of the COVID-19 pandemic” on broadcasters.<sup>3</sup> As local radio broadcasters, the Joint Commenters are well-situated to provide information regarding their experiences over the past two years. As demonstrated herein, the media marketplace has continued to evolve since May 2019, and it has become even more apparent that the decades-old local radio ownership rules are counterproductive to the ability of local radio broadcasters to compete for audience and advertisers alike. This proceeding presents the Federal Communications Commission (“FCC” or “Commission”) with a crucial opportunity to enhance localism and to preserve it for the future. While broadcast radio today remains an important part of the media landscape, the current trends are not good. Global tech companies are eating into both radio’s advertising base and its audience share. Only by changing the competitive posture of the industry to allow local radio clusters to more effectively compete in their markets can radio stay strong into the future. It is crucial that the FCC act now to strengthen local radio, before the digital competition irretrievably undermines the ability of radio to compete in their markets.

In 2019, the Joint Commenters unequivocally demonstrated that, since the ownership rules were adopted a quarter century ago in 1996, the radio market has evolved to become far

---

<sup>2</sup> See *Media Bureau Seeks to Update the Record in the 2018 Quadrennial Regulatory Review*, Public Notice, DA 21-657 (rel. June 4, 2021) (“Public Notice”).

<sup>3</sup> *Id.* at 4-5.

more competitive, encompassing much more than simply over-the-air radio. Over-the-air radio has lost both listeners and advertising dollars to satellite radio, online streaming services, and other new entrants to the media marketplace that simply did not exist in 1996.<sup>4</sup> Indeed, the docket in this proceeding clearly demonstrates that competition for audience and advertising revenues has risen dramatically as new non-broadcast audio platforms have entered the market and continued to proliferate.<sup>5</sup>

It is abundantly clear that there is now a much broader market of media companies competing for the attention of the consumers who listen to, and the advertisers whose spending supports, local radio. This larger media marketplace includes online platforms owned by the biggest companies in the American economy which must be assessed in determining whether the local radio ownership rules continue to serve the public interest – an evaluation that the Commission must make in this Quadrennial Review. To ignore the profound changes in the media marketplace and leave in place rules established in 1996 – several decades before digital competitors even existed – is to ignore reality and condemn local radio operators to fighting these digital titans with one hand tied behind their back. Local radio simply cannot compete

---

<sup>4</sup> See Joint Comments of Connoisseur, Townsquare, Mid-West Family, Midwest Communications, Frandsen, Cherry Creek, Neuhoff, Eagle Communications, Patrick Communications, and Legend Communications, MB Docket No. 18-349 (filed Apr. 29, 2019) (“Initial Joint Comments”); Joint Reply Comments of Connoisseur, Townsquare, Mid-West Family, Midwest Communications, Frandsen, Cherry Creek, Neuhoff, Eagle Communications, Patrick Communications, and Legend Communications, MB Docket No. 18-349 (filed May 29, 2019) (“Joint Reply Comments”).

<sup>5</sup> See, e.g., Comments of Sinclair Telecable, Inc., MB Docket No. 18-349, at 1-2 (filed Apr. 26, 2019); Comments of Galaxy Communications LLC, MB Docket No. 18-349, at 3 (filed Apr. 29, 2019); Comments of West Virginia Radio Corporation, MB Docket No. 18-349, at 3-4 (filed Apr. 15, 2019); Comments of The National Association of Broadcasters, MB Docket Nos. 18-349 & 17-289, at 1-5 (filed Apr. 29, 2019) (explaining that combining “greater competition for ad dollars with a depressed ad market places significant stress on advertising-dependent broadcasters”). As the Joint Commenters previously observed, virtually all of the comments filed previously, even those of broadcasters opposed to a relaxation of the ownership rules, admit that the marketplace has changed, and that radio is facing significant new challenges from new competitors – principally from digital media companies. Joint Reply Comments at 5-6.

effectively in today's market without the ability to expand locally to offer a broader array of formats and services to audiences and advertisers.

The trends identified in 2019 by the Joint Commenters and others in this proceeding have not abated, but instead have continued along the same trajectories, as consumers increasingly view alternative media outlets as substitutes for radio. Statistical data available today clearly shows that the competition faced by over-the-air radio stations for retaining existing listeners and attracting new ones has not lessened – and, in fact, it has increased – since the formal pleading cycle in this proceeding closed in May 2019. The same is true of advertising dollars, as advertising continues to move from local media like radio to out-of-market platforms like those provided by the digital media giants. As these dollars flow out of the market, local media outlets, like broadcast radio, can no longer afford to provide critical local news and programming that is needed to fight disinformation and to outfit citizens with the information that they need to respond to local issues.

This pleading provides ample evidence of the ongoing evolution of audience and advertising from over-the-air radio to digital platforms, including updated statistical data from Edison Research's Share of Ear study on the growth of competition for radio's audience,<sup>6</sup> and from Borrell Associates documenting the commanding position of digital advertising giants in today's local advertising marketplace.<sup>7</sup> These changes are taking place in markets large and

---

<sup>6</sup> In their Initial Joint Comments, the Joint Commenters supplied information from the Share of Ear 2019 study conducted by Edison Research ("Edison"). *See* Initial Joint Comments at Exhibit A. To facilitate and inform their response to the Public Notice, the Joint Commenters have obtained updated information from Edison's most recent study, the Share of Ear 2021. Edison has been conducting its Share of Ear study, which comprehensively examines audio listening trends, since 2014, and, as evidenced by the most recent Share of Ear survey, the results are consistent – radio still has a substantial share of audio listening, but it is declining each year as digital competition increases. The statistical data from Edison is included in Exhibit A to these comments ("Share of Ear 2021 Exhibit").

<sup>7</sup> The statistical data from Borrell Associates is included in Exhibit B to these comments ("Borrell 2021 Exhibit"). Borrell, like Edison, has been conducting studies on the impact of digital entrants on

small, and clearly demonstrate that regulations adopted in the pre-digital media world of 1996 make no sense in today's much changed and far more competitive media marketplace. These are not transitory changes that can be arrested by broadcasters tweaking their current operations. Rather, these are permanent, structural changes in the marketplace that must be addressed by changes in the regulations governing that marketplace.

And radio broadcasters are no longer competing just against other radio broadcasters. Instead, they are competing against global tech giants and multimedia conglomerates that dwarf the size of any radio company. In fact, each of these tech companies individually dwarf the size of the entire radio industry. To think that a radio company owning a sixth or seventh FM station in a big market, or even all the radio stations in a smaller market, will damage competition or harm the public interest is to ignore reality. In today's media marketplace, only broadcast radio and TV have growth opportunities limited by government regulation, and these media are receiving an ever-smaller percentage of the local advertising revenue and a decreasing audience share. The tech companies can provide an unlimited number of audio or video channels to consumers in any market, and companies owning satellite, cable, billboards, newspapers and online services can combine without any structural limits except those imposed by the antitrust laws. All compete against radio for audience and advertising dollars – and as our comments show, more and more have broad access to local audiences all across the country.

As shown in earlier filings in this proceeding by the Joint Commenters and the NAB, particularly outside the top markets, there simply is no reason to retain ownership caps given the inconsequential share of the media market that these stations enjoy. As an exhibit to this

---

traditional media companies. But its focus is on local advertising, where it has been tracking changes in the marketplace for 20 years. The Joint Commenters provided similar data from Borrell in 2019, and the Borrell 2021 Exhibit updates that data.

pleading, we include a declaration of media broker and station owner Lawrence Patrick, stating that there are many radio stations now for sale that cannot find a buyer. Especially in smaller markets, independent stations that cannot be sold to local operators because of ownership caps quite often turn into zombie operations – a computer and a transmitter – hardly serving the public interest. The competitive situation in these markets is not likely to change to give these stations more opportunities unless they can be combined with viable radio operators in their market who can provide them with the means to truly serve the public – and provide the viable operators greater scale to compete with the invaders from the Silicon Valley and elsewhere who are so drastically changing local media markets.

The evidence makes clear that the FCC must immediately take steps to relax local radio ownership rules to permit local broadcasters to effectively compete with their unregulated marketplace adversaries. The Joint Commenters request that the changes that they urged in 2019 be adopted to free local radio to compete with the digital media companies that are today's real marketplace competitors. Today is the time to act, to create a stronger local radio industry for the future. The trends are clear – the Commission cannot wait to make the necessary changes needed to allow radio to remain strong to provide local voices to the local populations that these stations serve.

## **II. COMPETITION FOR AUDIENCE HAS CONTINUED TO INTENSIFY SINCE 2019 DUE TO EVER-EVOLVING SERVICES AND TECHNOLOGIES**

As has long been the case, consumers today continue to have a myriad of options as substitutes for over-the-air radio, including on-demand or interactive audio, non-interactive digital audio or internet radio, and satellite radio. As the Joint Commenters previously demonstrated, these options have led to a redistribution of listening time at the expense of



terrestrial radio.<sup>8</sup> The explosion in growth of non-audio platforms has continued, with more Americans than ever before willing to pay for audio services.<sup>9</sup> The fact that listeners have gravitated more and more towards online audio and paid audio platforms evidences that consumers view these sources as substitutes for local radio stations. Notably, many of these new audio platforms – and the technologies used to listen to them – are owned by the biggest companies in the American economy. These out-of-market Internet pureplay companies have access to resources far beyond any local radio station and have used these resources to attract listeners at the expense of over-the-air AM/FM radio. Yet, it is only local radio stations that are hampered by decades old media ownership rules designed in an era where over-the-air broadcast radio was the only show in town.

**A. The Rapid Migration from Traditional Radio to Online Platforms Has Continued to Erode AM/FM Listenership**

While it cannot be disputed that local radio reaches a large portion of the American population, this reach has fallen dramatically in the past ten years.<sup>10</sup> And, a more focused review reveals that, in the past year alone, AM/FM radio's weekly reach dropped a record six percentage points – the largest drop recorded in the past decade.<sup>11</sup> According to publicly available Nielsen data, in 2020, radio's weekly reach was just over 80 percent, as compared to

---

<sup>8</sup> See Initial Joint Comments at 8-10.

<sup>9</sup> See Larry Rosin, *The Number of Americans Paying for Audio Subscriptions Has Doubled Since 2015*, Edison Research (June 16, 2021), <https://www.edisonresearch.com/the-number-of-americans-paying-for-audio-subscriptions-has-doubled-since-2015/> (predicting that more than half of Americans ages 13 and up will pay for audio services in the next year or two).

<sup>10</sup> See Pew Research Center, *Audio and Podcasting Fact Sheet*, Weekly terrestrial radio listenership (June 29, 2021), <https://www.journalism.org/fact-sheet/audio-and-podcasting/> (reporting that weekly AM/FM radio reach dropped over 10 percentage points between 2010 and 2020).

<sup>11</sup> See *id.* (reporting that weekly AM/FM radio reach in 2020 was down from 89% in 2019 to 83% in 2020).

nearly 90 percent just one year earlier.<sup>12</sup> This trend is echoed in looking at daily reach – Edison’s Share of Ear 2021 study found that over 40 percent of survey respondents no longer listen to radio on a daily basis, up from 33.4 percent in 2019.<sup>13</sup>

But, reach alone does not tell the whole story. Rather, it is important to consider whether listening is meaningful, what the listening trends have been in recent years, and what these trends portend for the future. To this end, the ongoing erosion of over-the-air listenership that the Joint Commenters predicted in their pleadings in this docket has continued.<sup>14</sup> Newly available statistical data clearly demonstrates that those who do listen to broadcast radio are doing so for increasingly less time than ever before. For example, Edison Research’s most recent Share of Ear study shows that more than half of survey respondents reported listening to terrestrial radio for less than 30 minutes (as compared to 44.2 percent in 2019).<sup>15</sup> Even those that tend to listen longer are listening less frequently. Between 2019 and 2021, there was a seven-point drop in the number of listeners tuning into AM/FM radio for an hour or more each day.<sup>16</sup>

As has been the case over the past several years, these trends are exacerbated among younger generations. First, reach is significantly less among the 13 to 24 demographic, or Generation Z. In July 2020, for example, AM/FM radio enjoyed a daily reach of only 55 percent of Generation Z listeners – and this takes into account both over-the-air and digital listening.<sup>17</sup> By contrast, the daily reach of AM/FM radio among Americans over the age of 25 during the

---

<sup>12</sup> *Id.* (reporting that weekly AM/FM radio reach in 2020 was down from 89% in 2019 to 83% in 2020).

<sup>13</sup> Share of Ear 2021 Exhibit at A-20; Initial Joint Comments, Exhibit A at A-20.

<sup>14</sup> *See* Initial Joint Comments at 7; Joint Reply Comments at 4.

<sup>15</sup> Share of Ear 2021 Exhibit at A-20; Initial Joint Comments, Exhibit A at A-20.

<sup>16</sup> Share of Ear 2021 Exhibit at A-20; Initial Joint Comments, Exhibit A at A-20.

<sup>17</sup> Edison Research, Radio’s Roadmap to Gen Z Listenership, at 13 (2020), <http://www.edisonresearch.com/wp-content/uploads/2020/07/Radios-Roadmap-to-Gen-Z-Listening-July-2020.pdf> (“Gen Z Listening Study”).

same time period was 15 points higher.<sup>18</sup> Second, there continues to be a rapid and dramatic shift away from traditional radio listening and towards digital listening, with digital audio sources being listened to *more than radio* by younger Americans. The Share of Ear study shows that the share of over-the-air radio listening time among 13 to 24 year-olds has decreased markedly since 2019, from 20.8 percent to just over 14 percent today.<sup>19</sup> At the same time, Generation Z's share of listening time to non-broadcast Internet audio (excluding AM/FM digital streams) has increased from approximately from 47.4 percent to above 65 percent.<sup>20</sup> Third, younger listeners tune into AM/FM radio listen for much less time listening than older listeners, spending only about one-third the total daily listening time with broadcast radio as compared to the general population.<sup>21</sup> Notably, the average amount of time young consumers spend listening to terrestrial radio has dropped by almost 20 minutes in the last two years.<sup>22</sup> In the same time period, Generation Z's average daily minutes listening to online audio has increased by nearly 40 minutes.<sup>23</sup>

The rise in online audio listenership is not unique to younger Americans, as more and more consumers of all ages are migrating to digital platforms. According to data from the Infinite Dial 2021, online audio's weekly reach among the total U.S. population is at an all-time high – up five percentage points since 2018.<sup>24</sup> And, nearly 70 percent of all TechSurvey 2021

---

<sup>18</sup> *Id.*

<sup>19</sup> Share of Ear 2021 Exhibit at A-15.

<sup>20</sup> *Id.*

<sup>21</sup> Share of Ear 2021 Exhibit at A-15 (showing that Generation Z listens to over-the-air radio for an average of 34.9 minutes a day); *id.* at A-14 (showing that Americans above the age of 13 listen to over-the-radio for an average of 81.3 minutes a day).

<sup>22</sup> Share of Ear 2021 Exhibit at A-15.

<sup>23</sup> Share of Ear 2021 Exhibit at A-15.

<sup>24</sup> Edison Research, The Infinite Dial 2021, at 34, 36 (Mar. 11, 2021), <http://www.edisonresearch.com/wp-content/uploads/2021/03/The-Infinite-Dial-2021.pdf> (“Infinite Dial

respondents listened to streaming audio on a weekly basis in the first two months of 2021.<sup>25</sup>

This represents a 10 percent growth in weekly online listenership as compared to the same time period in 2019.<sup>26</sup> Even the oldest listeners are spending more time with online audio than they have previously. For example, in Q3 2020, adults in the 50-64 demographics listened to digital streams on smartphone or tablet for nearly a quarter of an hour longer than they did in the same quarter of the previous year.<sup>27</sup>

### **B. Radio Broadcasters Compete Against Streaming Music and Podcasting More Than Ever Before**

As explained above, over-the-air radio broadcasters face fierce competition for audience from online platforms. These platforms include streaming music and podcasting services, both of which have had banner years since the formal comment cycle in this docket closed. And, consumers are not deterred by the fact that these services often require a subscription, as Americans are increasingly paying for audio content in the same way as they now pay for television content that was once only available over-the-air.

2020 was a record year for streaming music services. 209 million Internet users above the age of 13 listened to streamed music last year – approximately 20 million more than was the

---

2021”) (reporting that, as of early 2021, 62% of the U.S. population ages 12 and over had listened to online audio in the last week, with an even higher percentage reporting listening via the Internet in the past month).

<sup>25</sup> Jacobs Media, TechSurvey 2021: Radio in the Year of COVID, at 20, <https://jacobsmedia.com/techsurvey-2021/> (“TechSurvey 2021”).

<sup>26</sup> *Id.*

<sup>27</sup> See The Nielsen Company (US), LLC, The Nielsen Total Audience Report – February 2020, at 21 (Feb. 11, 2020), <https://www.nielsen.com/us/en/insights/report/2020/the-nielsen-total-audience-report-february-2020/>; The Nielsen Company (US), LLC, The Nielsen Total Audience Report – March 2021, at 27 (Mar. 11, 2021), <https://www.nielsen.com/us/en/insights/report/2021/total-audience-advertising-across-todays-media/>.

case in 2018.<sup>28</sup> And, in the last quarter of 2020, streaming music’s audience share was more than double that of traditional radio.<sup>29</sup> This trend is expected to continue into 2021 and beyond, as streaming music services are now cited as the preferred listening platforms among Americans under the age of 55.<sup>30</sup>

Companies like Spotify and Pandora that have been in the streaming music space for several years continue to retain their leadership positions as the most-recognized and most-used online audio brands.<sup>31</sup> Since 2019, Spotify’s monthly listenership grew by 5 percent, and nearly one-third of Americans over the age of 12 listen to this service each month.<sup>32</sup> And, Pandora has been working on expanding its portfolio, making a \$75 million investment in SoundCloud Ltd.,<sup>33</sup> an audio sharing platform listened to by 8 percent of Americans in the last month.<sup>34</sup>

Not only have existing streaming music providers thrived in today’s audio market, newer entrants to the space have secured strong listenership in a very short amount of time. For

---

<sup>28</sup> Russ Crupnick, *US Sees Record 209 Million Music Streamers In 2020*, MusicWatch (Mar. 8, 2021), <https://www.musicwatchinc.com/blog/us-sees-record-209-million-music-streamers-in-2020/>.

<sup>29</sup> Geoff Mayfield, *As Streaming Dominates the Music World, Is Radio’s Signal Fading?*, Variety (Feb. 10, 2021), <https://variety.com/2021/music/news/radio-signal-fading-streaming-1234904387/> (reporting that in Q4 2020 “streaming led all sectors in the fourth quarter of 2020 with a 33.2% share, compared to traditional radio, which ranked second with a 15.9% share. In fact, MusicWatch market research shows streaming outperforming radio in each of the last five years.”).

<sup>30</sup> Fred Backus, *Streaming Surpasses Radio as the Top Way to Listen to Music*, CBS News (Apr. 9, 2021), <https://www.cbsnews.com/news/streaming-tops-radio-as-the-top-way-to-listen-to-music/>.

<sup>31</sup> Infinite Dial 2021 at 39, 44.

<sup>32</sup> Infinite Dial 2021 at 40; Edison Research, *The Infinite Dial 2020*, at 41 (Mar. 19, 2020), <http://www.edisonresearch.com/wp-content/uploads/2020/03/The-Infinite-Dial-2020-U.S.-Edison-Research.pdf> (“Infinite Dial 2020”). Spotify reports 356 million active monthly users. See Spotify, *Spotify Technology S.A. Announces Financial Results for Second Quarter 2021* (July 28, 2021), <https://investors.spotify.com/financials/press-release-details/2021/Spotify-Technology-S.A.-Announces-Financial-Results-for-Second-Quarter-2021/default.aspx>.

<sup>33</sup> Anne Steele, *SoundCloud Gets \$75 Million Investment From Sirius*, Wall Street Journal (Feb. 11, 2020), <https://www.wsj.com/articles/soundcloud-gets-75-million-investment-from-sirius-11581424202>.

<sup>34</sup> Infinite Dial 2021 at 40.

example, YouTube Music (formerly, Google Play) has nearly tripled its audience since 2019.<sup>35</sup> And, the use of online video services for new music discovery continues.<sup>36</sup> In July 2020, YouTube’s video service (for music and music videos only) had a daily reach nearing 50 percent among Generation Z consumers.<sup>37</sup> More than half of YouTube’s customers using the service for music tune in for more than 10 minutes daily, and 2 billion YouTube viewers watch at least one video each month.<sup>38</sup> As further evidence that YouTube is a direct competitor to audio services, the company announced in November 2020 that it was launching 15-second audio-only ads, designed to reach customers who listen to music or podcasts in the background via the service.<sup>39</sup> Thus, YouTube is the latest in a stream of non-broadcast outlets seeking to monetize their audio listenership via advertising,<sup>40</sup> highlighting their direct competition with local radio services.<sup>41</sup>

Podcasting also has grown significantly since 2019, with an estimated 222 million Americans familiar with podcasts – up from 197 million in 2019. Nearly one-third of Americans

---

<sup>35</sup> Infinite Dial 2021 at 40; Edison Research, The Infinite Dial 2019, at 36 (Mar. 6, 2019), <https://www.slideshare.net/webby2001/infinite-dial-2019> (“Infinite Dial 2019”).

<sup>36</sup> See Initial Joint Comments at 9 (observing that “online ‘video’ services, such as YouTube, are the largest source for new music discovery in younger demographics, and are significant among older listeners too”).

<sup>37</sup> Gen Z Listening Study at 13.

<sup>38</sup> Todd Spangler, *YouTube Launches Audio Ads and Ad-Targetable Music Lineups, Taking Aim at Spotify*, Variety (Nov. 17, 2020), <https://variety.com/2020/digital/news/youtube-music-audio-ads-music-lineups-advertising-1234833604/>.

<sup>39</sup> *Id.*

<sup>40</sup> Initial Joint Comments at 9 (“both Amazon Music and Google this week introduced new free, advertiser-supported music services”).

<sup>41</sup> See Tripp Mickle, *Google Revenue Surges as Online Advertising Market Thrives*, Wall Street Journal (July 27, 2021), <https://www.wsj.com/articles/google-alphabet-googl-2q-earnings-report-2021-11627344309?mod=djemalertNEWS> (discussing YouTube’s \$7 billion in advertising revenues for the second quarter of 2021, up 84% from a year earlier).

over the age of 12 report that they have listened to a podcast in the past week.<sup>42</sup> Notably, the increase in the number of monthly users in 2021 is up nearly 10 percent from 2019.<sup>43</sup> And, recent research shows that podcast listeners pay attention to advertisements, again demonstrating that radio faces staunch and increasing competition from podcasting.<sup>44</sup>

Recent data also shows that more and more Americans are willing to pay for online audio services than was the case even a few years ago. Spotify, for example, reported 96 million subscribers to its premium, ad-free service in 2018.<sup>45</sup> By the end of 2020, the total number of Spotify's premium subscribers had grown by 61 percent, to 155 million,<sup>46</sup> and is now up to 165 million.<sup>47</sup> And, according to Edison's Share of Ear 2021 study, nearly half of Americans above the age of 13 report that they pay for subscription audio services,<sup>48</sup> a finding corroborated by

---

<sup>42</sup> Pew Research Center, *Audio and Podcasting Fact Sheet*, Podcast listenership (June 29, 2021), <https://www.journalism.org/fact-sheet/audio-and-podcasting/>.

<sup>43</sup> *Id.* (reporting 22% in 2019 and 28% in 2021).

<sup>44</sup> InsideRadio, *Two-Thirds Of Podcast Listeners Say They Don't Skip The Ads* (Apr. 19, 2021), [http://www.insideradio.com/podcastnewsdaily/two-thirds-of-podcast-listeners-say-they-don-t-skip-the-ads/article\\_3030be66-9ed0-11eb-8a39-7fefa5f6b85a.html](http://www.insideradio.com/podcastnewsdaily/two-thirds-of-podcast-listeners-say-they-don-t-skip-the-ads/article_3030be66-9ed0-11eb-8a39-7fefa5f6b85a.html). See also, Anne Steele, *Spotify Adds Fewer Total Users Than Expected*, Wall Street Journal (July 28, 2021), [https://www.wsj.com/articles/spotify-adds-fewer-total-users-than-expected-11627466400?mod=tech\\_lead\\_pos3](https://www.wsj.com/articles/spotify-adds-fewer-total-users-than-expected-11627466400?mod=tech_lead_pos3) (stating that Spotify's advertising revenue more than doubled in the most recent quarter due, in part, to growth in its podcast business).

<sup>45</sup> Spotify Technology S.A., Annual Report (Form 20-F) (Feb. 12, 2019), [https://www.sec.gov/Archives/edgar/data/0001639920/000156459019002688/ck0001639920-20f\\_20181231.htm](https://www.sec.gov/Archives/edgar/data/0001639920/000156459019002688/ck0001639920-20f_20181231.htm).

<sup>46</sup> Spotify Technology S.A., Annual Report (Form 20-F) (Feb. 5, 2021), <https://sec.report/Document/0001639920-21-000006/ck0001639920-20201231.htm>.

<sup>47</sup> Steele, *supra* note 44 (stating that, as of June 30, 2021, Spotify had 165 million paying subscribers, and 365 million monthly active users, representing 22% year-over-year growth (although less than forecast due to the pandemic)).

<sup>48</sup> Larry Rosin, *The Number of Americans Paying for Audio Subscriptions Has Doubled Since 2015*, Edison Research (June 16, 2021), <https://www.edisonresearch.com/the-number-of-americans-paying-for-audio-subscriptions-has-doubled-since-2015/>.

Jacobs Media’s TechSurvey 2021.<sup>49</sup> Research by Jacobs Media also shows that over 25 percent of survey respondents pay for two or more audio streaming subscriptions.<sup>50</sup>

### **C. The Increasing Availability of Alternative Devices to Listen to Audio Content Continue to Drive Changes in Listening Habits**

In their comments filed in 2019, the Joint Commenters explained that changes in technology were exacerbating the other changes in the marketplace, and predicted that these trends would continue.<sup>51</sup> This has proven to be the case, as more and more Americans migrate from listening to radio using a “traditional” receiver to alternative means of technology, such as smartphones, smart speakers and other new devices in homes and vehicles. Indeed, the use of mobile devices for daily audio consumption is on track to exceed traditional radio receivers by the end of 2021.<sup>52</sup>

Since 2018, the number of Americans listening to radio using an AM/FM receiver decreased by six percentage points, such that, at the end of 2020, only about one-third of the population relied on a traditional receiver.<sup>53</sup> Younger listeners are much more likely to have abandoned the AM/FM receiver in favor of a new listening technology. Nearly half of the daily audio consumption among the 13 to 34 demographic is on a mobile device, which is almost double the amount of audio consumed using a radio receiver.<sup>54</sup> Given these trends, it is not

---

<sup>49</sup> TechSurvey at 23 (reporting 60% pay for one or more audio streaming subscriptions).

<sup>50</sup> *Id.* (27%).

<sup>51</sup> Initial Joint Comments at 12-15.

<sup>52</sup> Edison Research, *Mobile device share of listening on track to surpass traditional radio receivers in the U.S.* (Mar. 4, 2021), <https://www.edisonresearch.com/mobile-device-share-of-listening-on-track-to-surpass-traditional-radio-receivers-in-the-u-s/>.

<sup>53</sup> *Id.* (stating that, in 2018, 41 percent of listening was with a radio receiver, down to 35 percent at the end of 2020).

<sup>54</sup> *Id.* (observing that only 20 percent of daily audio consumption by the 13 to 34 demographic is done using a traditional AM/FM receiver).



surprising that the number of radios in homes continues to decline. The number of Americans reporting that they no longer own a radio in their home crossed the 30 percent threshold in 2020, up three percentage points from just two years prior.<sup>55</sup> Over 50 percent of listeners between the ages of 18 and 34 do not own a radio in their home and, the mean number of radios owned by those that do dropped below one receiver in 2020.<sup>56</sup>

Just as listening via a traditional receiver has fallen, mobile device listening has increased. Mobile devices now account for 30 percent of time spent listening to audio, up from 25 percent in 2018.<sup>57</sup> And, as noted above, nearly half of daily listening time among the 13 to 34 demographic is via mobile devices.<sup>58</sup> This is not surprising, given that an estimated 250 million – almost 90 percent (up from 84 percent in 2019) – of the U.S. population over the age of 12 owns a smartphone.<sup>59</sup>

Ownership of voice-controlled devices also continues to grow. Since 2018, the percentage of Americans owning smart speakers has almost doubled, from 18 percent in 2018 to 33 percent, or an estimated 94 million people, in 2021.<sup>60</sup> In 2019, 24 percent of smart speaker owners had three or more speakers in their home.<sup>61</sup> Today, this number has risen to 34 percent.<sup>62</sup>

---

<sup>55</sup> Infinite Dial 2020 at 13; Edison, *The Infinite Dial 2018*, at 11 (Mar. 8, 2018), <https://www.slideshare.net/webby2001/infinite-dial-2018>.

<sup>56</sup> Infinite Dial 2020 at 14.

<sup>57</sup> Edison Research, *Mobile device share of listening on track to surpass traditional radio receivers in the U.S.* (Mar. 4, 2021), <https://www.edisonresearch.com/mobile-device-share-of-listening-on-track-to-surpass-traditional-radio-receivers-in-the-u-s/>.

<sup>58</sup> *Id.*

<sup>59</sup> Infinite Dial 2021 at 5.

<sup>60</sup> *Id.* at 8.

<sup>61</sup> *Id.* at 12.

<sup>62</sup> *Id.*

Listening to a streaming music service remains the most popular use for smart speaker owners, with 85 percent requesting speakers to play music each week, compared to only 45 percent listening to AM/FM radio using smart speakers.<sup>63</sup> While the COVID-19 pandemic accelerated the use of smart speakers for music consumption,<sup>64</sup> there is no indication that the increase in smart speaker listening is specific to the pandemic. Rather, the pandemic only served to fuel the already existing trend towards smart speakers and, based on trends over the past five years, there is no reason to expect that growth of smart speakers for audio consumption will slow.<sup>65</sup>

Although the COVID-19 pandemic has had negative impact on the amount of time spent listening to audio while driving generally, in-car listening minutes throughout the pandemic have skewed in favor of non-broadcast audio sources. For example, Edison reports that, while consumers frequently listen to AM/FM radio in the car, the number of Americans 12 and over that report listening to broadcast radio in the car dropped six percentage points between 2019 and 2021. And, although over-the-air radio continues to have a strong share of in-car listening, the

---

<sup>63</sup> Edison Research and NPR, *The Smart Audio Report*, at 29 (Apr. 2020), [https://www.nationalpublicmedia.com/uploads/2020/04/The-Smart-Audio-Report\\_Spring-2020.pdf](https://www.nationalpublicmedia.com/uploads/2020/04/The-Smart-Audio-Report_Spring-2020.pdf) (“Spring 2020 Smart Audio Report”). While AM/FM radio’s share of smart speaker listening to ad-supported services is strong, it is still only 35 percent of all ad-supported listening. See Inside Radio, *AM/FM Radio Is No. 1 in Ad-Supported Smart Speaker Listening Share* (Jan. 21, 2021), [http://www.insideradio.com/free/am-fm-radio-is-no-1-in-ad-supported-smart-speaker-listening-share/article\\_6b040790-5bbf-11eb-b320-dbfd3a3597ff.html](http://www.insideradio.com/free/am-fm-radio-is-no-1-in-ad-supported-smart-speaker-listening-share/article_6b040790-5bbf-11eb-b320-dbfd3a3597ff.html) (reporting a 64 percent aggregate share of smart speaker listenership from the following ad-supported services: Pandora, Spotify, SiriusXM, Amazon Music, and podcasts).

<sup>64</sup> This is particularly the case among the 18-34 demographic which reported listening to music with a smart speaker over 50 percent more than in pre-pandemic times. Spring 2020 Smart Audio Report at 50.

<sup>65</sup> See Infinite Dial 2021 at 8 (showing year-over-year growth in smart speaker ownership since 2017). According to the 2019 Smart Audio Report, for example, even before the pandemic, smart speakers were used in large part for music listening. See Edison Research and NPR, *The Smart Audio Report*, at 16 (Jan. 2019), <https://www.nationalpublicmedia.com/uploads/2020/01/The-Smart-Audio-Report-Winter-2019.pdf> (indicating a 77 percent listening share for music). And, pre-pandemic streaming audio, podcasts, and SiriusXM listening held a combined share of nearly 60 percent, more than double that of AM/FM radio. *Id.* at 13.

average share of time spent listening to AM/FM radio stations while driving has dropped from 65.4 percent in April 2019 to 58 percent today.<sup>66</sup> During that same time period, streaming audio services and podcasts each grew nearly double, from 4.2 percent to 8 percent, and from 1.8 percent to 3.2 percent, respectively.<sup>67</sup> And, in-car YouTube usage is now at over 2 percent.<sup>68</sup>

The trend away from in-car consumption of over-the-air radio is even more apparent among younger generations, where the use of alternative media in vehicles is materially greater. In April 2019, the daily share of in-car AM/FM listenership among those between the ages of 13 and 34 was 56.9 percent.<sup>69</sup> Today, this share is less than 50 percent – almost 20 points lower than where it was in 2014.<sup>70</sup> At the same time, streaming audio's share of in-car listenership among this demographic has skyrocketed from 8.5 percent in April 2019 to nearly 20 percent in 2021.<sup>71</sup> In-car podcasting and YouTube usage also has increased, from 3.6 percent and 4.1 percent and 5.4 percent and 5.2 percent, respectively.<sup>72</sup> In short, total digital usage in the car in the 13 to 34 demographic has increased by almost 15 percent since April 2019.<sup>73</sup>

The move towards non-broadcast listening in cars has been, and will continue to be, driven by technology changes. Twenty percent of Americans over the age of 18 have driven or ridden in a vehicle with an in-dash information and entertainment system, up from 15 percent in

---

<sup>66</sup> Initial Joint Comments, Exhibit A at A-17; Share of Ear 2021 Exhibit at A-17.

<sup>67</sup> Initial Joint Comments, Exhibit A at A-17; Share of Ear 2021 Exhibit at A-17.

<sup>68</sup> Share of Ear 2021 Exhibit at A-17.

<sup>69</sup> Initial Joint Comments, Exhibit A at A-19.

<sup>70</sup> Share of Ear 2021 Exhibit at A-19.

<sup>71</sup> Initial Joint Comments, Exhibit A at A-19; Share of Ear 2021 Exhibit at A-19.

<sup>72</sup> Initial Joint Comments, Exhibit A at A-19; Share of Ear 2021 Exhibit at A-19.

<sup>73</sup> Initial Joint Comments, Exhibit A at A-19 (from initial comments – approximately 16% digital total); Share of Ear 2021 Exhibit at A-19 (approximately 29% digital total).

2018.<sup>74</sup> These include integrated mobile operating systems developed by Apple and Google (the same companies that offer interactive music services that compete with AM/FM radio), both of which operating systems are now in nearly twice as many cars as in 2018.<sup>75</sup> And, half of the U.S. population over the age of 12 now listens to online audio in a car using a smartphone – a nearly 10 percent increase from 2019.<sup>76</sup> Even during the early days of the pandemic, almost a quarter of U.S. adults reported using a voice-operated personal assistant in the car.<sup>77</sup> As demonstrated by TechSurvey 2021, once a car is connected to an alternative audio source, AM/FM radio listening decreases.<sup>78</sup> This is because, once in the car, there is little difference between accessing a radio station or a podcast or an online stream – all are accessible by just asking for that source.

#### **D. Local Broadcasters Increasingly Compete with Non-Audio Outlets for Audience**

More than ever before, radio competes with non-audio sources for audience. Streaming video services like Netflix and Hulu have prospered over the past few years and are expected to continue to grow. According to Jacobs Media, more than three in four of survey respondents watch streaming video on a weekly basis.<sup>79</sup> While viewing is greatest among younger demographics, nearly 70 percent of the Boomer generation and over half of the Greatest generation report watching streaming video at least weekly.<sup>80</sup>

---

<sup>74</sup> Infinite Dial 2021 at 50.

<sup>75</sup> Infinite Dial 2021 at 51; Infinite Dial 2020 at 55. Apple CarPlay in 10% of primary vehicles (up from 6 % in 2018) and Android Auto (8%, up from 4% in 2018).

<sup>76</sup> Infinite Dial 2021 at 52.

<sup>77</sup> [Spring 2020 Smart Audio Report](#) at 14.

<sup>78</sup> TechSurvey 2021 at 43.

<sup>79</sup> *Id.* at 19.

<sup>80</sup> *Id.*

In addition to streaming video, other non-audio platforms have exploded over the past few years. For example:

- One in five Americans over the age of 12 watch streaming video games, up 5 percent from 2019.<sup>81</sup> This number soars to nearly 40 percent among the 12 to 34 demographic.<sup>82</sup>
- Social media consumption remains on the rise, with an estimated 233 million users above the age of 12, as compared to an estimated 223 million in 2019.<sup>83</sup>
- TikTok experienced exponential growth between 2020 and 2021, jumping from 11 percent to 23 percent among users over the age of 12.<sup>84</sup> Usage of TikTok by 12 to 34 year-olds showed remarkable growth – nearly doubling in just one year.<sup>85</sup>
- Clubhouse, an invitation-only audio social networking platform introduced in 2020, has already grown to 10 million weekly active users, and has captured substantial audience share among social media platforms.<sup>86</sup> Fifteen percent of adults report having ever used the service, and almost half of these individuals use the service at least once every day.<sup>87</sup> As further evidence of its popularity in the market, Clubhouse has been valued at \$4 billion.<sup>88</sup>

The growth in consumption of these and other alternative media offerings, by necessity, cuts into the total amount of time an individual has available to listen to radio. These are all marketplace competitors for local radio stations’ audiences.

---

<sup>81</sup> Infinite Dial 2021 at 14.

<sup>82</sup> *Id.* at 16.

<sup>83</sup> Infinite Dial 2019 at 5; Infinite Dial 2021 at 20.

<sup>84</sup> Infinite Dial 2021 at 24.

<sup>85</sup> *Id.* at 25.

<sup>86</sup> Elizabeth Culliford, *Clubhouse closes new round of funding that would value app at \$4 billion -source*, Reuters (Apr. 18, 2021), <https://www.reuters.com/technology/clubhouse-closes-new-round-funding-that-would-value-app-4-billion-source-2021-04-18>.

<sup>87</sup> Edison Research, *Clubhouse Users in America 2021* (May 18, 2021) at 4, 13, <http://www.edisonresearch.com/wp-content/uploads/2021/05/Clubhouse-Users-in-America.pdf>.

<sup>88</sup> Elizabeth Culliford, *Clubhouse closes new round of funding that would value app at \$4 billion -source*, Reuters (Apr. 18, 2021), <https://www.reuters.com/technology/clubhouse-closes-new-round-funding-that-would-value-app-4-billion-source-2021-04-18>.

### **E. Most of Radio's Toughest Competition Comes from Out-of-Market Internet Pureplay Companies Owned by America's Biggest Tech Companies**

Perhaps the most significant development since the initial comment cycle in this proceeding closed relates to Big Tech's increasing dominance in the audio space. The Joint Commenters previously pointed out that music and other audio entertainment services launched by companies like Apple, Amazon and Google – all of which have market capitalizations hundreds of times larger than the capitalization of the entire radio industry – were experiencing significant growth in audience, in part because these companies were well-positioned to offer audio services as loss leaders to promote other products and services.<sup>89</sup> These services have continued to grow and expand since 2019, further intensifying the competitive divide between digital services and traditional broadcast radio.

For example, since 2019, monthly listenership of Google Play (now YouTube Music) has grown by 10 percent, nearly tripling its audience in only three years.<sup>90</sup> Apple Music and Amazon Music also have experienced growth, with nearly 30 percent of Americans over the age of 12 reporting having listened to these services in the past month – a 7 percent combined increase as compared to 2018.<sup>91</sup> And, in June 2021, Facebook jumped into the audio game, announcing that it was launching both podcasts and Live Audio Rooms, an audio social media networking platform designed to compete with Clubhouse, as part of its initiative to bring social

---

<sup>89</sup> Initial Joint Comments at 11 & n.43.

<sup>90</sup> Infinite Dial 2021 at 40 (reporting that 16 percent of the U.S. population over the age of 12 listened to YouTube Music in the last month); Infinite Dial 2020 at 42 (showing that, in 2019, 6 percent had listened to the service in the month previous to the studied period).

<sup>91</sup> Edison, The Infinite Dial 2018, at 30 (Mar. 8, 2018), <https://www.slideshare.net/webby2001/infinite-dial-2018>; Infinite Dial 2021 at 40.

media audio experiences to its customers.<sup>92</sup> And, of course, Facebook already has plans to monetize these opportunities, just as its competitors have done with their services.<sup>93</sup>

Not only do the Big Tech companies own and control audio services that compete with local radio for audience (as well as advertising), these companies also own and control the technologies that are used to listen to Internet audio. For example, the number of Americans owning Amazon's Alexa has increased from 16 percent in 2019 to 24 percent in 2021.<sup>94</sup> Similarly, 13 percent of the U.S. population now owns Google Home, up from 7 percent two years ago.<sup>95</sup> And, Apple has a stronghold on the market for integrated mobile operating systems, with over 80 percent of new cars supporting its CarPlay system.<sup>96</sup> According to Edison, 10 percent of Americans over 18 now have Apple CarPlay in their primary vehicles, and 8 percent have Android Auto.<sup>97</sup>

The increasing control of media services and technologies since 2019 has garnered attention of policymakers at all levels. For example, in early 2021, The Journalism Competition

---

<sup>92</sup> Fidji Simo, *Live Audio Rooms and Podcasts on Facebook*, Facebook: Newsroom (June 21, 2021), <https://about.fb.com/news/2021/06/live-audio-rooms-and-podcasts-on-facebook/>.

<sup>93</sup> Fidji Simo, *Be Heard: Bringing Social Audio Experiences to Facebook*, Facebook: Newsroom (Apr. 19, 2021), <https://about.fb.com/news/2021/04/bringing-social-audio-experiences-to-facebook/> (explaining that it intends to offer the “ability to charge for access to a Live Audio Room through a single purchase or a subscription”); Melissa Hsieh Nikolic, *Audio ads on YouTube expand reach and grow brand awareness*, Google: Ads & Commerce Blog (Nov. 17, 2020), <https://blog.google/products/ads-commerce/youtube-music-audio-ads/>; Ben Fox Rubin, *Amazon launches free, ad-supported music service for Alexa devices*, CNET (Apr. 18, 2019), <https://www.cnet.com/home/smart-home/amazon-launches-ad-supported-music-service-for-alexa-devices/>.

<sup>94</sup> Infinite Dial 2019 at 20; Infinite Dial 2021 at 10.

<sup>95</sup> Infinite Dial 2019 at 20; Infinite Dial 2021 at 10.

<sup>96</sup> Kif Leswing, *Apple's massive success with CarPlay paves the way for automotive ambitions*, CNBC (May 29, 2021), <https://www.cnbc.com/2021/05/29/apple-carplay-massive-success-paves-way-for-automotive-entry.html>.

<sup>97</sup> Infinite Dial 2021 at 51.

and Preservation Act of 2021 was introduced into Congress.<sup>98</sup> This bill permits local broadcasters to negotiate collectively with Big Tech companies that seek to attract audiences by featuring content created by traditional media sources.<sup>99</sup> The fact that policymakers are seeking a legislative solution to correct the competitive imbalance between large technology platforms and local radio and television broadcasters unequivocally demonstrates that “tech platforms have substantial market power in their provision of services, and they use that power for advancing their own growth and benefit to the detriment of local broadcast journalism.”<sup>100</sup>

### **III. SINCE 2019, DIGITAL ADVERTISING REVENUES HAVE REACHED RECORD HIGHS, WHILE LOCAL RADIO BROADCASTERS ARE LIMITED BY REGULATION IN THEIR ABILITY TO COMPETE**

There is no question that radio competes vigorously with other media sources for advertising dollars at the national and local level.<sup>101</sup> Local radio broadcasters face ever-increasing competition from audio and non-audio sources alike, not only for audience as described above, but also for advertising revenues. This was the case in 2019, and continues to be the case today, with radio stations fighting against audio and other media platforms with access to significantly more resources and market power than even a few years ago.

There is no sugar-coating the fact that local radio stations revenues are down, while digital advertising revenues have soared. In 2020, for example, over-the-air station revenues were at \$9.7 billion, nearly 24 percent less than the \$12.8 billion in over-the-air revenues realized

---

<sup>98</sup> Journalism Competition and Preservation Act of 2021, S. 673, 117th Cong. (2021).

<sup>99</sup> *Id.* at § 2(b).

<sup>100</sup> BIA Advisory Services, *Economic Impact of Big Tech Platforms on the Viability of Local Broadcast News*, at ii (2021), [https://www.nab.org/documents/newsRoom/pdfs/Economic\\_Impact\\_Tech\\_Platforms\\_Broadcast\\_News.pdf](https://www.nab.org/documents/newsRoom/pdfs/Economic_Impact_Tech_Platforms_Broadcast_News.pdf).) (cited in Comments of The National Association of Broadcasters, OMD Docket No. 21-190, at n.9 (filed June 3, 2021)).

<sup>101</sup> Initial Joint Comments at 16-21.



in 2019.<sup>102</sup> Although this decline was driven by COVID-19 cuts in advertising spending, the downward trend is not expected to change any time soon. Over-the-air revenues for 2021 are forecasted to reach \$11.7 billion, which is still \$1 billion less than before the pandemic hit.<sup>103</sup> And, the forecast for 2022 simply does not show robust growth even after the pandemic in contrast to the out-of-market media giants who are increasingly siphoning local advertising dollars to multi-national digital media platforms.<sup>104</sup>

Even in the midst of a worldwide public health crisis, Internet advertising revenues increased by 12.2 percent in 2020 as compared to 2019.<sup>105</sup> Notably, the last quarter of 2020 saw the highest level of digital advertising revenues in more than 20 years.<sup>106</sup> Social media is by far the biggest beneficiary, accounting for approximately one-third of all digital advertising revenues last year.<sup>107</sup> By contrast, local radio stations' earned only \$1 billion in online revenues in that same time period – *forty times* less than the \$41.5 billion realized by social media. Indeed, social media's advertising share dwarfs the total projected 2021 advertising revenue for the entire radio industry, which is estimated at \$11.7 billion – *ten times* lower than social media's share in the height of the pandemic.<sup>108</sup>

---

<sup>102</sup> Press Release, BIA Advisory Services, Radio Revenues Fell to \$9.7B in 2020, As Pandemic's Toll on the Industry Affected Local Radio Stations (May 14, 2021), <http://www.biakelsey.com/radio-revenues-fell-9-7b-2020-pandemics-toll-industry-affected-local-radio-stations/> (estimating \$11.7 billion in local radio revenues for 2021, with \$1 billion coming from digital).

<sup>103</sup> *Id.*

<sup>104</sup> *Id.*

<sup>105</sup> Press Release, Interactive Advertising Bureau, IAB Releases Internet Advertising Revenue Report for 2020 (Apr. 7, 2021), <https://www.iab.com/news/iab-internet-advertising-revenue/>.

<sup>106</sup> *Id.*

<sup>107</sup> *Id.*

<sup>108</sup> Press Release, BIA Advisory Services, Radio Revenues Fell to \$9.7B in 2020, As Pandemic's Toll on the Industry Affected Local Radio Stations (May 14, 2021), <http://www.biakelsey.com/radio-revenues-fell-9-7b-2020-pandemics-toll-industry-affected-local-radio-stations/>; Press Release, Interactive

Although radio continues to rank as the second largest channel for traditional local media spending, businesses are spending less and less on traditional media advertising every year, and more on social media and other digital platforms.<sup>109</sup> Over 95 percent of local radio buyers reported buying social media advertising in the latter half of 2020, and 75 percent stated their intent to increase spending on social media in 2021.<sup>110</sup> And, there was a dramatic decline in the number of local businesses buying radio advertising between 2018 and 2021, from 44.4 percent to 39.4 percent, respectively.<sup>111</sup> This five-point drop over this short timeframe is nearly the same as the decrease in local radio buying during the entire five years prior to 2018, thus demonstrating that the past few years have been particularly challenging for radio broadcasters in the current media marketplace.<sup>112</sup> Notably, unlike television, radio stations did not benefit significantly from political spending, which has not yet transitioned heavily to online platforms.<sup>113</sup>

While the trend away from classic forms of advertising towards digital media is not new, the past year has served as a “springboard” for digital advertising.<sup>114</sup> Nearly two-thirds of the \$118.7 billion spent on local advertising in 2020 was allocated to digital, and this share is expected to grow to nearly three-quarters of all local advertising dollars by 2025.<sup>115</sup> Borrell

---

Advertising Bureau, IAB Releases Internet Advertising Revenue Report for 2020 (Apr. 7, 2021), <https://www.iab.com/news/iab-internet-advertising-revenue/>.

<sup>109</sup> Borrell 2021 Exhibit at 3.

<sup>110</sup> Borrell 2021 Exhibit at 3-4.

<sup>111</sup> Borrell 2021 Exhibit at 4; Initial Joint Comments, Exhibit B at B-4.

<sup>112</sup> Initial Joint Comments, Exhibit B at B-4 (“Since 2013, there was a 5.3-point drop in the percentage of local businesses who say they buy radio advertising.”).

<sup>113</sup> Borrell 2021 Exhibit at 5 (concluding that radio accounted for less than 6 percent of the political spend in 2020, down from 7.7 percent in 2018).

<sup>114</sup> Borrell 2021 Exhibit at 3.

<sup>115</sup> *Id.*

reports that 85 percent of digital advertising went to out-of-market companies, including Big Tech companies like Google, Facebook, and Amazon.<sup>116</sup> Both Facebook and Google saw strong growth in advertising last year, with Facebook averaging 21 percent growth for the year and Google averaging 9 percent growth.<sup>117</sup> For the second quarter of 2021, Google reported \$50.44 billion in advertising sales, a 69 percent increase from the year prior.<sup>118</sup> The shift in advertising dollars towards pureplay Internet companies is expected to continue, such that, by the end of 2021, local media's share of digital advertising is expected to be 14.1 percent, less than half of what it was in 2013.<sup>119</sup> And, according to Borrell, in just two years – by 2023, out-of-market Internet companies will control nearly two-thirds of the local advertising market.<sup>120</sup> By contrast, the greatest share of any single local media outlet in 2023 will be less than 6 percent.<sup>121</sup>

It is inevitable Amazon, Google, and Facebook will take the lion's share of local advertising dollars as they continue to grow their listenership, introduce new products, and expand local ad availabilities.<sup>122</sup> For example, in April 2019, Amazon launched its ad-supported music service for Alexa users and, by the end of that same year, the company rolled this service out to all users.<sup>123</sup> At the end of last year, Google launched audio ads, which it “designed to

---

<sup>116</sup> *Id.* at 2.

<sup>117</sup> Borrell 2021 Exhibit at 4.

<sup>118</sup> Tripp Mickle, *Google Revenue Surges as Online Advertising Market Thrives*, Wall Street Journal (July 27, 2021), <https://www.wsj.com/articles/google-alphabet-googl-2q-earnings-report-2021-11627344309?mod=djemalertNEWS>.

<sup>119</sup> Borrell 2021 Exhibit at 6.

<sup>120</sup> *Id.* at 2.

<sup>121</sup> *Id.*

<sup>122</sup> *Id.* (reporting that these three companies will control nearly half of local advertising expenditures by 2023).

<sup>123</sup> Ben Fox Rubin, *Amazon launches free, ad-supported music service for Alexa devices*, CNET (Apr. 18, 2019), <https://www.cnet.com/home/smart-home/amazon-launches-ad-supported-music-service-for-alexa-devices/>.

connect [brands] with audiences in engaged and ambient listening on YouTube.”<sup>124</sup> As noted above, in April 2021, Facebook announced its intent to launch and monetize a wide variety of social audio experiences.<sup>125</sup> And, advertisers are responding to these opportunities.<sup>126</sup>

Local radio has felt the impact of the shift in advertising towards out-of-market competitors. For example, Borrell reports that the radio industry has suffered a net loss of 194 stations in the past two years.<sup>127</sup> And, in 2020, sales of radio stations fell to the lowest level since 2011, with only 534 stations sold at total estimated value of \$139 million.<sup>128</sup> While it is possible that sales might rebound as the nation moves through the pandemic, it is unlikely that transaction volume will reach past levels.

This is particularly the case in medium and small markets, where financial hardships are even more prevalent than was the case just two years ago. While some financial troubles may be attributable to the pandemic, the primary reason that stations are losing money – and, in many cases, showing negative advertising growth – stems from out-of-market tech and large digital marketing companies targeting advertisers that previously relied on local stations to reach their

---

<sup>124</sup> Melissa Hsieh Nikolic, *Audio ads on YouTube expand reach and grow brand awareness*, Google: Ads & Commerce Blog (Nov. 17, 2020), <https://blog.google/products/ads-commerce/youtube-music-audio-ads/>.

<sup>125</sup> Fidji Simo, *Be Heard: Bringing Social Audio Experiences to Facebook*, Facebook: Newsroom (Apr. 19, 2021), <https://about.fb.com/news/2021/04/bringing-social-audio-experiences-to-facebook/>.

<sup>126</sup> Borrell 2021 Exhibit at 3 (showing that, by 2025, digital media will account for nearly three-quarters of all local advertising). *See also supra* note 117 (discussing surging online advertising revenues realized by tech companies in the second quarter of 2021); Melissa Hsieh Nikolic, *Audio ads on YouTube expand reach and grow brand awareness*, Google: Ads & Commerce Blog (Nov. 17, 2020), <https://blog.google/products/ads-commerce/youtube-music-audio-ads/> (reporting that “more than 75 percent of measured audio ad campaigns on YouTube drove a significant lift in brand awareness,” for example, Shutterfly’s audio ads saw an approximate 14 percent increase in ad recall and 2 percent favorability increase among its target audience).

<sup>127</sup> Borrell 2021 Exhibit at 9.

<sup>128</sup> Press Release, BIA Advisory Services, Radio Revenues Fell to \$9.7B in 2020, As Pandemic’s Toll on the Industry Affected Local Radio Stations (May 14, 2021), <http://www.biakelsey.com/radio-revenues-fell-9-7b-2020-pandemics-toll-industry-affected-local-radio-stations/>.

audiences.<sup>129</sup> At the same time as they are facing unprecedented competition for advertising, the current rules restrain local broadcasters from responding to the economic environment in which they operate. For example, W. Lawrence Patrick (the managing partner of a nationally prominent media brokerage and investment banking firm and the owner of 25 small market radio stations in Wyoming) observes that, for the first time in his nearly three decades of experience negotiating broadcast transactions, “there are stations where there simply are no buyers for the properties, other than a direct competitor who may not be allowed to purchase the troubled stations because of current regulations.”<sup>130</sup> The lack of ability to sell or buy same-market stations, coupled with the staggering amount of revenue lost to out-of-market competitors, has had – and will continue to have – a direct impact on localism.<sup>131</sup>

In short, fierce competition for local ad dollars has only grown since the formal comment cycle in this proceeding closed. While radio stations have made valiant efforts to capture their share of digital advertising revenues, they face an uphill battle against the Goliaths of the tech industry. Even today, radio’s collective share of the local advertising market is in the single digits, with individual stations experience less than 1 percent of total advertising share.<sup>132</sup> To support robust local services, radio cannot exist on that 1 percent. In a market where government mandates in the form of the ownership rules limit the diversity of services that local radio broadcasters can offer to their customers by limiting the number of stations that any one owner can control, the scale necessary to financially support the more aggressive local news and

---

<sup>129</sup> See Exhibit C, Declaration of W. Lawrence Patrick, at para. 6 (“Patrick Declaration”).

<sup>130</sup> *Id.* at para. 5.

<sup>131</sup> *Id.* at para. 7 (explaining that, as many stations show negative advertising revenue growth, they have had to “cut expenses drastically which translates into less news and information programming for the local community and fewer live and local personalities on the air.”).

<sup>132</sup> Borrell 2021 Exhibit at 2.

information service that radio needs to compete against the digital media titans simply cannot be assembled.<sup>133</sup> Fighting to achieve a 1 percent share is not a means to local radio's survival. They must be allowed to grow. Even though radio broadcasters are achieving some success with digital advertising, this success pales by comparison to the out-of-market Internet companies that dominate the local advertising market.

#### **IV. CONGRESS RECOGNIZES THE NEED TO SUPPORT LOCAL MEDIA**

The need for reliable local media has never been greater. Having strong local media to fight disinformation and to provide citizens the information that they need to respond to local issues must be preserved. Members of Congress on both sides of the aisle have recognized that Big Tech companies have amassed too much power over the information that flows to citizens, and efforts must be made to restore balance to the local media landscape.

As noted above, the Journalism Competition and Preservation Act of 2021 has been introduced in Congress to allow local media to negotiate jointly with tech companies for the use of their content.<sup>134</sup> The Local Journalism Sustainability Act of 2021 proposes tax credits to support the hiring of local journalists.<sup>135</sup> Proposals have even been advanced for Congress to

---

<sup>133</sup> See, e.g., Initial Comments at Exhibit C, Declaration of Michael Wright, Midwest Communications, Inc. (observing that, if the local radio ownership rule were relaxed, it could increase local news coverage in the Fargo-Moorhead, North Dakota market by acquiring stations in this market that do not currently produce their own news); Initial Comments at Exhibit C, Declaration of Thomas A. Walker, Mid-West Family (stating that, in La Crosse, Wisconsin, the majority of local competitors provide “news that is borrowed” and explaining that, if it were permitted to purchase additional stations in this market, it could provide its original local news and other content to more listeners in the community); Initial Comments at Exhibit C, Declaration of Jonathan Brewster, Cherry Creek Media (explaining that its competitors in Montrose, Colorado and Tri Cities, Washington are not very involved in the community and that, if permitted to acquire additional stations in these markets, it could expand its news coverage to stations that currently provide little or no news); Initial Comments at Exhibit C, Declaration of Jeffrey D. Warshaw, Connoisseur Media, LLC (stating that deregulation would enable it to create larger digital audiences, thereby driving revenues that could support larger news departments).

<sup>134</sup> See *supra* at note 98 and accompanying text.

<sup>135</sup> See Press Release, Cantwell, Kelly, Wyden Introduce Legislation to Revive, Sustain Trusted Local News (July 22, 2021), <https://www.cantwell.senate.gov/news/press-releases/cantwell-kelly-wyden->

create a Future of Local News Committee to study the potential for additional government funding of local media.<sup>136</sup> Regulatory proposals to limit the power of Big Tech have been advanced by representatives of both political parties.

But these efforts can only be successful if local media, like over-the-air radio stations, have the scale to compete with the out-of-town tech giants. While radio remains an important part of many citizens' media diet, the parallels to the newspaper industry are striking as digital media erodes the audience and revenues of local radio, just as it battered the local newspaper industry over the past several years. Indeed, those local papers that still exist are generally only a shadow of their former selves as local advertising support and readership disappeared to online sources. If the trends identified herein and in the Joint Commenter's previous comments continue, local radio stations will similarly be unable to maintain their current level of service, leaving the public to be served not by media outlets with a community focus, but instead by big tech platforms and those stations that are nothing but a transmitter and a computer – neither of which provide real service to the public.<sup>137</sup> By contrast, as the Joint Commenters demonstrated in 2019, local radio stations could readily contribute to the public interest by providing diverse and local programming if they were owned by existing broadcasters who are forbidden by

---

[introduce-legislation-to-revive-sustain-trusted-local-news](#). A similar bipartisan bill was introduced in the House in June. *See* Local Journalism Sustainability Act, H.R. 3940, 117th Cong. (2021), <https://www.congress.gov/117/bills/hr3940/BILLS-117hr3940ih.pdf>.

<sup>136</sup> *See, e.g.*, Future of Local News Act, H.R. 3169, 117th Cong. (2021), <https://www.congress.gov/117/bills/hr3169/BILLS-117hr3169ih.pdf>.

<sup>137</sup> *See* Patrick Declaration at para. 11 (discussing a local station that is “simply [a] dumb jukebox[] with no local connection”). *See also*, Adam Jacobson, *Carr Talk: FCC’s Third Circuit Response*, Radio + Television Business Report (Oct. 31, 2019), <https://www.rbr.com/brendan-carr-wiley-mmtc/?event=login> (discussing his visit to a Wyoming station that was just a “Dell laptop set up” to “[pipe] music in from another community”); *see also, e.g.*, Initial Joint Comments at Exhibit C, Declaration of Susan K. Patrick, Legend Communications of WY, LLC (explaining that Legend Communications’ ability to promote localism has been diminished by digital competitors located far from Wyoming).

current rules from operating them.<sup>138</sup> But, outside the very largest markets, existing on 1 percent of the local advertising spending simply does not allow for any meaningful contribution to local discourse on matters important to local communities.

The time is now for the FCC to act to stem the tide – to allow broadcasters to build strong local brands that can compete against the tech giants. The rules that restrict the assembling of local scale by local radio – adopted 25 years ago in an entirely different media marketplace – must be eliminated so that radio can effectively compete in today’s media marketplace. The Joint Commenters respectfully request that their proposal advanced in 2019 for the elimination of the local radio ownership rules be adopted.

## **V. CONCLUSION**

The record in this proceeding is already replete with evidence that the local radio industry cannot effectively compete in today’s media marketplace with rules that were adopted 25 years ago when today’s tech giants did not even exist. Competition for audience and advertising has only increased since May 2019, and trends will only continue as non-broadcast media outlets – many of which are owned and controlled by the biggest companies in America – continue to explode. Absent relief from outdated ownership restrictions, over-the-air radio stations will simply be unable to maintain the current level of service, a result that is clearly contrary to the public interest. The FCC must act now to remove the archaic regulatory burdens that restrict radio's ability to compete in the modern marketplace. The trends are clear and unmistakable. The FCC cannot wait to act – changes must be made now to preserve radio as an important local voice in the media marketplace. The Joint Commenters respectfully request that the Commission recognize the reality of today’s marketplace, and relax those regulatory burdens now.

---

<sup>138</sup> See generally Initial Comments at Exhibit C.



Respectfully submitted,

**Connoisseur Media, LLC**

/s/ Jeffrey D. Warshaw

Founder and Chief Executive Officer

**Mid-West Family Broadcasting**

/s/ Thomas A. Walker

President

**Frandsen Family Stations**

/s/ M. Kent Frandsen

President

**Neuhoff Communications**

/s/ Beth Neuhoff

Chief Executive Officer and President

**Patrick Communications, LLC**

/s/ W. Lawrence Patrick

Managing Partner

**Townsquare Media, Inc.**

/s/ Allison Zolot

Senior Vice President and General Counsel

**Midwest Communications, Inc.**

/s/ Michael Wright

Chief Operating Officer

**Cherry Creek Media**

/s/ Jonathan Brewster

Chief Executive Officer

**Eagle Communications, Inc.**

/s/ Gary Shorman

Chairman

**Legend Communications, LLC**

/s/ Susan K. Patrick

Managing Partner

September 1, 2021